

**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF PAOLA, KANSAS
5:30 O’CLOCK P.M.**

July 25, 2006

**HELD AT THE MIAMI COUNTY COMMISSIONERS CHAMBERS
IN THE MIAMI COUNTY ADMINISTRATION BUILDING**

The Governing Body of the City of Paola, Kansas, met with Mayor Stuteville presiding.

Councilmembers present: Mayor Stuteville, Council Members Pritchard, Dial, Rowlett, and Hamilton.

Council Members absent: None.

Also present: Manager VanderHamm, Clerk Droste, City Attorney Tetwiler, Public Works Director Bieker, Police Chief Smail, Brian McCauley from the Miami County Republic, and others.

PLEDGE OF ALLEGIANCE: Mayor Stuteville invited everyone in attendance to join in the Pledge of Allegiance.

Agenda Item 1 - CALL TO ORDER: The regular council meeting was called to order by Mayor Stuteville.

Agenda Item 2 - ROLL CALL: Mayor Stuteville and Council Members Pritchard, Dial, Rowlett, and Hamilton were all present.

Agenda Item 3 - PETITIONS, REMONSTRANCES, AND COMMUNICATIONS
No one addressed the Council.

Agenda Item 4 - CONSENT AGENDA

- a. **Approval of minutes of the meetings of July 11, 2006**
- b. **Approval of Salary Ordinance number 06-13**
- c. **Approval of Appropriation Ordinance No. 586**

Councilmember Pritchard made a motion to approve the Consent Agenda and authorize the Mayor to sign. Councilmember Rowlett seconded the motion and all voted aye.

Agenda Item 5 – REPORTS OF OFFICERS, BOARDS AND COMMITTEES

Mayor Stuteville recommended that due to the potential length of discussion regarding the budget, Agenda Item 5a would be discussed after Agenda Item 5d.

Agenda Item 5b - Presentation by Donna Crawford of Governmental Assistance Services – Housing Grant Application.

Donna Crawford with Governmental Assistance Services presented a draft of the application that her company is preparing for the City of Paola for a Community Development Block Grant for 2007. She explained that a new targeted area has been identified on the City's west side that is predominately made up of single story structures. The targeted area includes the north and south sides of Wea Street and the north side of Miami Street between Mulberry and Fourth Streets; the south side of Miami Street and the north side of Shawnee Street between Mulberry and West Streets; the south side of Shawnee Street and the north and south sides of Chippewa Street between Mulberry and Petroleus Streets.

Councilmember Rowlett asked if the application would have a better opportunity to be approved if the amount of the grant request was reduced from the \$400,000 as identified on the application. Mrs. Crawford indicated that perhaps the application would be more likely to be approved. However, due to the number of homes in the targeted area, \$400,000 is necessary to renovate the required 55% of the homes as required by the program.

Councilmember Pritchard questioned the ratings of some of the homes in the targeted area and asked why the targeted area was different from last year's application. Mrs. Crawford indicated that last year's targeted area was predominately two story homes which are more expensive to fix, the new area is predominately comprised of single story homes.

Mrs. Crawford discussed the need for holding a Public Hearing on the application at the August 8th City Council Meeting.

Agenda Item 5c - Consider a request for no parking on the north side of Kaskaskia Street between Hospital Drive and Angela Drive.

Manager VanderHamm introduced Mr. Calvin Chestnut who has requested that the north side of Kaskaskia Street between Hospital Drive and Angela Drive be posted no parking. He explained that he was concerned that elderly occupants of the town homes on the south side of the street might have difficulty backing out of their driveways if cars are allowed to park on the north side.

After discussing the request, including the width of the street, the Council elected not to take action on the request.

Agenda Item 5d - Consider a request from USD 368 to waive the fee to install a 1 inch water meter for the new Greenhouse at the High School.

Clerk Droste presented a request from USD 368 to waive the \$2,000 installation fee for a new 1 inch water meter for the District's new greenhouse at the Paola High School.

After discussing the request, Councilmember Rowlett made a motion to waive the fee to install a 1 inch water meter for the new Greenhouse at the High School. The motion was seconded by Councilmember Pritchard and all voted aye.

Agenda Item 5a - Consider 2007 Budget Notice of Public Hearing to be set for August 8, 2006

Manager VanderHamm presented the 2007 proposed budget with a total mill levy of 41.893 mills and total expenditures of \$11,549,263. He indicated that there were three adjustments to the proposed budget compared to the figures that were presented to the Council on July 11th. These adjustments are:

- 1) The 2007 Water Reserve Fund total should have been \$272,661 and not \$372,661.
- 2) The 2006 Revised Sewer Reserve Fund showed no expenditures, but should have included \$51,200 for its share of the Lewis Drive Project. This will reduce the 2007 Budget by that amount.
- 3) Also due to the Lewis Drive project, the 2006 Revised Storm Water Fund showed \$100,000, this amount has been increased to \$150,000 reducing the total for 2007 by \$50,000.

These recommended changes reduce the 2007 Budget to \$11, 348,063 but does not change the mill levy.

Manager VanderHamm presented a Budget Summary of the Capital Improvement Plan (CIP) and Municipal Reserve Fund (MERF) transfers. This sheet identified the individual transfer amounts from the General Fund. The CIP and MERF transfers were discussed in detail. Councilmember Rowlett suggested that CIP and MERF expenditure details be provided to the Council periodically as these are unbudgeted funds.

Manager VanderHamm presented an analysis of 2007 budgeted 'net expenses' compared to 2006. He also presented a 'General Fund Net Budget Summary' which compares the difference between net revenues and net expenses for budget years 2003 through 2007. Manager VanderHamm explained that generally, budgeted numbers for revenues and expenditures are conservative numbers which creates a budget that indicates net deficit spending. He explained that the City's budget is driven by revenues. If revenues are below budgeted predictions, either expenses must be reduced or bonds would have to be issued to make up the shortfall. If revenues are budgeted at a higher level and expenditures remain constant, property tax revenues must be reduced to 'balance' the budget per state budget statutes. This would result in a lower mill levy and a greater chance that anticipated revenues would not be met. This in turn would reduce the cash carryover for the following year.

After discussing the General Fund Net Budget Summary, Councilmember Pritchard questioned the 2% cost of living and 2% merit increases for employees. He asked about the possibility of a \$0.50 per hour across the board increase for non-administrative employees. Clerk Droste indicated that this increase would amount to approximately \$60,000 per year

including KPERS, Social Security, and Medicare expenses. Mayor Stuteville suggested that a salary survey be completed to evaluate salaries rather than just doing an across the board adjustment. Councilmember Dial agreed that a salary survey of public employees would be the appropriate measure to utilize given the difference in benefit packages between the private and public sectors.

Councilmember Rowlett asked if the Council and City Manager could discuss budget strategies and details earlier so that there is a better understanding of the budget.

Councilmember Hamilton stated that if there is concern about our cash reserves, he questioned why the mill levy was being reduced. He asked if the Council's priority was to reduce the mill levy or expand services. He stated that progressive towns that provide more services to their residents need more money to provide those services, not less.

Councilmember Rowlett stated that he would personally like to see the mill levy based on new construction and not appreciated values at least for this one year.

At the conclusion of the discussion, Councilmember Rowlett made a motion to approve the proposed 2007 budget for publication at \$11,348,063, and set August 8, 2006 as the date for the budget public hearing. The motion was seconded by Councilmember Dial and all voted aye.

Agenda Item 6 - NEW BUSINESS

Manager VanderHamm reported that he met with the new Convention and Tourism Committee last week. All were in attendance including Lueanna Hellyer from "A Victorian Lady" Bed & Breakfast and Carol Everhart from the Chamber. The 2 hour meeting included discussion about the committee's purpose, and how best to promote Paola and increase the transient guest tax revenues. The next meeting will be August 14th.

Manager VanderHamm reported that Public Works Director Bieker met with Cutting Edge, Anthony Construction Management and Penney's Concrete on the Lewis Drive concrete issue. A resolution will be forthcoming.

Larry Pence from First Student Transportation has requested that he be allowed to park a school bus in Wallace Park during the County Fair with a "Bus Drivers Needed" sign in the window. They are apparently short and are trying to do everything they can to recruit additional drivers. After discussing the request, the Council agreed that this would be in violation of the Land Development Ordinance's prohibition of off site advertising.

Manager VanderHamm reported that he has been working with Dennis Wilson regarding his temporary "showroom tent". He also brought the issue up to the Planning Commission last week and they had no problem with allowing it as long as others were give the same opportunity. Wal-Mart's corporate office and Landmark Bank have declined the use of their properties. Other possibilities include the land south of the Arby's and the vacant lot south of Kentucky Fried Chicken.

Request for proposals for trash service are due August 15th. RFP's were sent to L&K, Waste Management, and Deffenbaugh Industries. Manager VanderHamm stated that he anticipates at least 2 bids.

Manager VanderHamm and Clerk Droste I met with the group that purchased the corner lot at Silver and Peoria. They are now purchasing property north of the Prairie Place Apartments and anticipate making an Affordable Housing application with the state. As part of that process, they will be asking for a Resolution of Support from the City that will likely be on the August 8th Council Agenda.

CAS, with the help from Joe Courtney and Ray Reed, will be making some recommendations on a few final changes (baffles and drain pump low water cutoff floats with variable frequency drives) to the new Waste Water Treatment Plant. The plant is slowly "growing" and may be fully on-line by September.

Manager VanderHamm met with members of the Chamber Board regarding possible assistance with Economic Development efforts. This topic will be discussed at the Council work study session on August 1st.

The August 8th City Council Meeting will be held at the Community Center. Other meetings will be held at the Paola Public Works Building until November when meetings will resume at the Miami County Administration Building.

Clerk Droste reminded the Council that the Miami County Fair Parade is tomorrow evening at 7:00 pm. The Council should gather at 6:00 pm and Councilmember Hamilton has volunteered to drive his Corvette convertible in the parade.

Councilmember Hamilton asked about Prairie Place Apartments, he has talked with several residents who indicated that they are not able to purchase those units and are seeking other affordable housing. He was concerned that these residents may be forced to leave Paola in search of affordable housing.

Councilmembers Pritchard and Dial had no additional issues to discuss.

Councilmember Pritchard asked about the status of the Taylor Forge air quality study with the state. Manager VanderHamm reported that the City has contacted the State again about this issue and that it should take place soon. Councilmember Pritchard indicated that there has not been much sandblasting lately so the problem has subsided for the time being. Councilmember Pritchard asked about the reimbursement for the cost of concrete for the curbs at Zarco. Manager VanderHamm confirmed that Zarco was paying for the concrete beyond the street curb line and radius as well as labor to install. Councilmember Pritchard expressed concerns about the amount of time that it has taken to complete improvements on Overhill Drive. Public Works Director Bieker explained that the weather has played large role in delaying the project and that the actual number of work days involved with the project

have not been that extensive. One of the biggest issues is the heat and being able to pour and finish the concrete before it begins to set up.

Mayor Stuteville reminded the Council that the employee picnic RSVP is due tomorrow. Once again, she challenged everyone to participate in the softball game.

Agenda Item 7 - EXECUTIVE SESSION - Executive Session for preliminary discussions relating to the acquisition of real property. K.S.A. 75-4319(B)(6) is the authority for this recess.

Councilmember Rowlett made a motion to adjourn to Executive Session for 20 minutes for preliminary discussions relating to the acquisition of real property; the regular meeting to reconvene at 8:20 p.m. The motion was seconded by Dial Councilmember Dial and all voted aye.

At 8:20 p.m. the meeting was reconvened.

Councilmember Rowlett made a motion to authorizing the Mayor to sign a proposal to the USD 368 Board of Education to purchase the property at 202 E Wea. The motion was seconded by Councilmember Pritchard and all voted aye.

Agenda Item 8 – ADJOURNMENT.

With no additional business to come before the Council, Councilmember Dial made a motion to adjourn the meeting. Councilmember Rowlett seconded the motion and all voted aye.

Artie Stuteville, Mayor

ATTEST: (seal)

Daniel G. Droste, City Clerk